

Message Text

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64

ACTION EB-11

INFO OCT-01 ARA-11 EUR-25 IO-13 ADP-00 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 FRB-02 H-02 INR-10 INT-08

L-03 LAB-06 NSAE-00 NSC-10 PA-03 RSC-01 AID-20

CIEP-02 SS-15 STR-08 TAR-02 TRSE-00 USIA-12 PRS-01

OMB-01 RSR-01 /190 W

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R 182110 Z JUN 73

FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC 2161

INFO AMEMBASSY LONDON

USMISSION GENEVA

AMEMBASSY PORT OF SPAIN

AMEMBASSY BRIDGETOWN

AMEMBASSY GEORGETOWN

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E. O. 11652: N/ A

TAGS: ETRD, GATT, JM

SUBJ: DOLLAR AREA QUOTAS; PATTERSON WRITES TO UNDER SECRETARY CASEY

REF: GENEVA 2780

1. CHARGE CALLED ON MIN OF INDUSTRY AND TOURISM, PJ PATTERSON, ON JUNE 15 AT LATTER'S REQUEST. PATTERSON EXPRESSED DISPLEASURE WITH THE GATT AGREEMENT WORKED OUT BETWEEN THE U. S. AND THE U. K. MINISTER, WHO HAD RECEIVED REPORT ON UNITED KINGDOM PROPOSALS, REVIEWED THEM AND STATED THAT HE WANTED US TO KNOW THAT THE AGREEMENT WAS UNACCEPTABLE TO JAMAICA AND THE OTHER CARIBBEAN COUNTRIES. IT WAS PARTICULARLY INAPPROPRIATE AT A TIME WHEN NEGOTIATIONS WITH THE EEC WERE UNDERWAY. THE GOJ ASKED THAT FINALIZATION OF THE AGREEMENT BE HELD UP PENDING US/ CARIBBEAN DISCUSSION. PATTERSON STATED A LETTER ADDRESSED TO UNDER- SECRETARY CASEY WAS BEING

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PREPARED WHICH WOULD BE DELIVERED LATER THAT DAY. THE LETTER, RECEIVED JUNE 18, FOLLOWS:

2. DEAR MR. CASEY,

FURTHER TO MY PLEASANT DISCUSSIONS WITH YOU IN KINGSTON, I AM WRITING TO YOU PERSONALLY ON AN ISSUE OF GREAT IMPORTANCE TO JAMAICA, AND TO THE COMMONWEALTH CARIBBEAN COUNTRIES. I AM ALSO TAKING THE LIBERTY OF ASKING YOU TO RELAY A COPY OF THIS LETTER EACH TO SECRETARY OF COMMERCE, FREDERICK B. DENT AND ASST. SECRETARY OF STATE, WILLIS C. ARMSTRONG, WHO MAY BE INVOLVED IN THIS ISSUE.

THIS MATTER ARISES FROM THE COMPLAINT THE USA BROUGHT BEFORE THE GATT AGAINST THE UK DOLLAR IMPORT RESTRICTIONS IN FAVOUR OF CARIBBEAN PRIMARY EXPORTS. THE COMPLAINT BEING CIRCULATED TO CONTRACTING PARTIES ON OCT 17, 1972. YOU WILL KNOW THAT A GATT PANEL WAS SET UP TO INVESTIGATE AND ADJUDICATE ON THE MATTER BUT HAS NOT YET MADE A RULING.

WE UNDERSTAND THAT THE USA HAS BEEN PRESSING THE UK TO ABOLISH QUOTAS ON GRAPEFRUIT AND GRAPEFRUIT PRODUCTS, RUM AND CIGARS. THE UK HAS EXPLAINED THAT THESE QUOTA RESTRICTIONS HAD BEEN IMPOSED TO GUARENTEE THE ECONOMIC VIABILITY OF PRIMARY INDUSTRIES IN THE COMMONWEALTH CARIBBEAN. HOWEVER, WHILE THIS MATTER HAS BEEN TREATED AS ONE BETWEEN THE USA AND UK, IT IS IN FACT CARIBBEAN INDUSTRIES WHICH ARE AT STAKE.

THERE IS A LONG HISTORY ATTACHED TO EXPRTS OF THESE COMMODITIES TO THE UK, IN FACT, THE VARIOUS INDUSTRIES OWE THEIR GENESIS FOR THE RELATIONSHIP. ABOUT 62 PERCENT OF OUR EXPORTS OF FRESH GRAPEFRUIT AND ORANGE JUICES GO TO THE UK. INDDDED, OUR DOMESTIC CITRUS PRODUCTION WAS RESTRUCTURED AND EXPANDED AFTER THE WAR TO SUPPLY THE UK. THAT MARKET ALSO ABSORBS 48 PERCENT OF OUR RUM EXPORTS IN BULK AND 17 PERCENT OF OUR CIGAR EXPORTS.

BECAUSE OF THE DOMINANT ROLE EXPORTS TO THE UK PLAY IN THE OVERALL MARKET FOR THE JAMAICAN CITRUS INDUSTRY, OUR EXPORTS THERE MUST GENERATE RETURNS ADEQUATE TO INSURE THE VIABILITY OF THE INDUSTRY. WE CANNOT COMPETE WITH THE USA CITRUS INDUSTRY - WHICH HAS AN ASSURED MARKET IN ITS DOMESTIC MARKET OF GIGANTIC SIZE AND TO WHICH THE UK MARKETS ADD ONLY A MARGINAL CONTRIBUTION. THE IMPORTANCE OF THE UK MARKET TO THE VIABILITY OF THE OTHER INDUSTRIES, IS ALMOST AS GREAT. THE POSSIBLE LOSS TO JAMAICA IS NOT LIMITED TO EXPORT EARNNING OR INCOME. THE INDUSTRIES CONCERNED, COLLECTIVELY, EMPLOY SOME 5 PERCENT OF THE LABOUR FORCE. IN A LIMITED OFFICIAL USE
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COUNTRY WITH AN UNEMPLOYMENT RATE OF 22.5 PERCENT ALL JAMAICANS ARE FULLY AWARE THAT A SIGNIFICANT NEGATIVE EMPLOYMENT IMPACT POSES A SERIOUS THREAT TO THE EXISTING SOCIAL ORDER. THERE WILL ALSO BE A NEGATIVE EFFECT ON INVESTMENT CONFIDENCE, OF THE LOSS OF A SECURED TRADITIONAL MARKET, THEREBY CREATING A FURTHER SET BACK.

IN VIEW OF THE FACT THAT: THE USA'S INDUSTRIES CAN FULLY OPERATE UNDER THE CURRENT MARKET ARRANGEMENTS; THAT THE VOLUME OF EXPORTS INVOLVED WOULD NOT MATERIALLY BENEFIT THE USA'S OVERALL POSITION; AND, USA SPOKESMEN HAVE REPEATEDLY REASSURED US THAT THE US DOES NOT WISH TO HARM THE ECONOMIES OF THE DEVELOPING COUNTRIES IN THE CARIBBEAN, I HAVE SOME DIFFICULTY IN UNDERSTANDING WHY THE USA IS SO VIGOROUSLY PRESSING THE UK TO ABOLISH

THESE QUOTAS WHEN THE INEVITABLE RESULT WOULD BE TO SERIOUSLY HARM OUR ECONOMIES.

ALTHOUGH WE HAVE TRIED TO KEEP THIS MATTER AT A LOW KEY, FINDING A SATISFACTORY JUSTIFICATION TO THE SECTORS CONCERNED FOR THIS US ACTION POSES A GENUINE DILEMMA TO US, WHO HAVE FELT ABLE TO RELY ON US FRIENDSHIP AND PUBLIC ASSURANCES OF ASSISTANCE TO SMALL DEVELOPING COUNTRIES IN THIS REGION.

IN THE LIGHT OF THE FOREGOING, I MUST STATE THAT THE JAMAICAN GOVERNMENT IS SHOCKED AT THE PROPOSALS PARTICULARLY AS THE COMMONWEALTH CARIBBEAN COUNTRIES HAVE CONSISTENTLY EXPRESSED THE VIEW TO THE US DELEGATION IN GENEVA THAT SUCH A SETTLEMENT WAS INIMICAL TO THEIR INTERESTS. THE JAMAICAN GOVERNMENT LIKE ALL THE OTHER COMMONWEALTH GOVERNMENTS HAD FULLY RELIED ON THE ASSURANCES GIVEN BY THE US THAT IT WOULD NOT TAKE ACTION WHICH WAS INIMICAL TO THE COMMONWEALTH CARIBBEAN ECONOMIES.

I, THEREFORE, WOULD LIKE TO APPEAL TO YOU TO USE YOUR GOOD OFFICES IN ENSURING THAT THE ADMINISTRATION AGREES NOT TO FINALIZE THE PARIS AGREEMENT BUT TO LOOK AGAIN INTO THIS MATTER, AND TO HOLD JOINT DISCUSSIONS TOGETHER WITH THE UK AND COMMONWEALTH CARIBBEAN COUNTRIES WITH THE AIM TO FIND A GENERALLY ACCEPTABLE SOLUTION.

WITH WARM PERSONAL REGARDS,

(P. J. PATTERSON)

MINISTER OF INDUSTRY & TOURISM

3. POST COMMENT: FOLLOWING DISCUSSIONS WITH CHARGE, DAILY LIMITED OFFICIAL USE
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GLENER FRONT PAGE HEADLINE OF JUNE 16 READ " JAMAICA LEADS FIGHT TO FEND OFF US" STORY WAS BASED ON JUNE 15 PRESS BRIEFING BY PATTERSON. ARTICLE REFERRED TO THE MEETING WITH THE US CHARGE AND CONTINUED GIST OF PROPOSED SETTLEMENT WITH UK.

4. IT STRIKES US THAT THIS QUESTION OF DAQS MAY IN ANY CASE BE ACADEMIC FOR JAMAICA. THEY CUT THEIR TIE WITH STERLING EARLIER THIS YEAR AND NOW HAVE CONTROLS ON STERLING TRANSACTIONS. THEY ALSO CHOSE TO TIE TO THE US DOLLAR AS THE CURRENCY OF INTERVENTION. THEREFORE A CASE CAN BE MADE THAT SHOULD DAQS BE CONTINUED, JAMAICAN PRODUCE SHOULD BE TREATED AS COMING FROM THE DOLLAR AREA. THEY ARE SOMETIMES SLOW HERE TO GRASP THE IMPLICATIONS OF INDEPENDENCE.
ROBERTS

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